

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00
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R 112046Z SEP 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 8670
INFO AMEMBASSY PARIS

UNCLAS SECTION 01 OF 02 BRUSSELS 17240

PARIS ALSO FOR USOECD: ALSO FOR USEC

PASS TREASURY FOR US CUSTOMS SERVICE/SPECIAL CUSTOMS STEEL

TASK FORCE/ROSETTIE

E.O. 11652: N/A
TAGS: TRIGGER PRICE MECHANISM: WEEKLY BELGIAN STEEL
REPORT AND PRICE LISTING

REF: (A) BRUSSELS 16759; (B) STATE 224765;

1. EMBASSY'S INFORMAL TRANSLATION OF WEEKLY LE SOIR
(SEPTEMBER 8) ARTICLE ON BELGIAN STEEL INDUSTRY FOLLOWS:

2. BEGIN TEXT. WHILE RESPONSIBLE OFFICIALS -- AS MUCH
AT THE BELGIAN AS AT THE EUROPEAN LEVELS -- ARE CURRENTLY
BUSY DUSTING OFF THE STEEL DOSSIER WITH
THE END OF THE VACATION PERIOD; AT THE INDUSTRY LEVEL,
STEELMAKERS ARE ASSESSING THE BUSINESS THEY GAINED IN THE
COURSE OF THE LAST TWO MONTHS AND ARE CALCULATING THE
CHANCES OF A FALL UPTURN.

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AN UPTURN ON THE INTERNAL COMMUNITY MARKET IS EXPECTED,
BUT WITHIN THE LIMITS OF A CONSUMPTION OF STEEL WHICH
IS DRAGGING ALONG. FOR OVERSEAS EXPORTS, THE RAISING
OF AMERICAN TRIGGER PRICES IS GOING TO MAKE ITSELF FELT
AND SHIPMENTS TO THIS DESTINATION WILL DECLINE.

AS FOR PRICES, THEY CONTINUE TO BE UNSATISFACTORY FOR SALES OUTSIDE THE COMMUNITY, IN THE SENSE THAT THE WEAKNESS OF THE DOLLAR ERODES QUOTATIONS IN NATIONAL CURRENCIES.

STATISTICALLY, ORDERS TAKEN IN JULY BY THE STEELMAKERS OF THE SIX FOUNDING ECSC MEMBERS SHOW THE EFFECTS OF THE SEASONAL SLACKENING OFF OF BUSINESS AND OF THE IMPORTANCE OF STOCKS ACCUMULATED BY CONSUMERS AND TRADERS.

THUS, IN THE ECSC, 4,434,000 TONS WERE ORDERED IN JULY, AGAINST 5,106,000 IN JUNE AND 4,129,000 IN JULY 1977, THE DATE OF THE BEGINNING OF THE COLLAPSE OF THE MARKET DURING THE PAST YEAR.

THE TENDENCY IS MORE FAVORABLE FOR OVERSEAS EXPORTS, WITH 1,707,000 TONS ORDERED IN JULY AGAINST 2,307,000 IN JUNE AND 1,170,000 TONS IN JULY 1977.

NO PRECISE FIGURES ARE AVAILABLE FOR THE MONTH OF AUGUST. BUT ACTIVITY WAS MARGINAL BECAUSE OF VACATIONS -- PARTICULARLY IN FRANCE AND ITALY AMONG OTHERS -- AND WILL HAVE A STRONG INFLUENCE ON THE OVERALL (MONTHLY) RESULT.

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IN THE US, A NEW WAVE OF PROTECTIONIST COMPLAINTS BY STEELMAKERS HAS BROKEN UPON GOVERNMENT AUTHORITIES. THE PRETEXT IS THE IMPORTANCE OF JULY STEEL IMPORTS FROM EUROPE BEFORE TARIFF BARRIERS WERE RAISED. IN FACT, 749,000 TONS, COMPARED TO 432,500 TONS IN JUNE. AT THE SAME TIME, JAPANESE SHIPMENTS REMAINED RELATIVELY STABLE, HELD BACK BY THE RISE OF THE YEN WHICH SIGNIFICANTLY REINFORCED EUROPEAN COMPETITIVENESS.

ANTI DUMPING ACTIONS ARE ALREADY TAKING FORM WHICH, HOWEVER, ARE LIKELY TO FAIL IF, AS IS PREDICTED, THE YEAR. END TEXT.

3. ECHOS DE LA BOURSE WEEKLY STEEL REPORT (SEPTEMBER 6) PARALLELS THAT OF LE SOIR BUT PROVIDES ADDITIONAL DETAIL ON BELGIAN STEEL EXPORTS. ACCORDING TO ECHOS ARTICLE, BELGIAN STEEL ORDERS IN JULY TOTALLED 683,000 TONS, COMPARED TO 777,000 TONS IN JUNE AND 660,000 TONS IN JULY 1977.

4. CONTRARY TO LE SOIR ARTICLE, ECHOS CHARACTERIZES THE PRICE PICTURE AS GOOD, WITH MORE ACTIVITY IN RECENT

WEEKS ON LONG PRODUCTS, PARTICULARLY REINFORCING RODS, MERCHANT STEEL, (MEDIUM FORMATS), AND WIDE FLANGED BEAMS. ECHOS FORESEES "FAIRLY WEAK" SALES TO THE US IN THE FOURTH QUARTER, AS SALES WILL BE SEVERELY AFFECTED BY US TRIGGER PRICES. STEELMAKERS REPORTEDLY FEAR A STRONG HIKE IN THE TRIGGER PRICE AS OF JANUARY 1, 1979 WITH REEVALUATION OF THE YEN, AND THE ARTICLE ASSERTS THAT UNDER THESE CONDITIONS US MARKET WILL BE "PRACTICALLY CLOSED."

5. TURNING TO OTHER MARKETS, ECHOS CHARACTERIZES THE SALES POSSIBILITIES TO THE SOVIET UNION AS GOOD, WITH PRICES, HOWEVER, BELOW THOSE PREVAILING IN THE ECSC. PRICE QUOTATIONS FOR SALES TO CHINA ARE LOW, BUT THE UNCLASSIFIED

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SIZE OF THE POTENTIAL MARKET AND THE CHANGED ATTITUDE OF THE CHINESE VIS-A-VIS THE WEST APPEAR TO HAVE AROUSED

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PARIS ASLO FOR USOEC: ALSO FOR USEC

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STEELMAKERS' HOPES. MIDDLE EAST IS TERMED "CALM", AFTER MAJOR PURCHASES (PARTICULARLY IRAN). PRICE PICTURE IMPROVES THE CLOSER ONE GETS TO EUROPE. STRONGEST PRICES OUTSIDE ECSC ARE TO BE FOUND IN EUROPEAN PERIPHERY.

6. ECHOS ALSO REPORTS THAT BRITISH STEELMAKERS INTEND TO PROTEST AT CURRENT MEETING OF EUROFER AGAINST EXCESSIVE CONTINENTAL EC STEEL EXPORTS TO UK, SAID TO HAVE EXCEEDED FIRST QUARTER 1978 QUOTA OF 438,000 TONS BY 300,000 TONS. WEST GERMAN STEELMAKERS ARE REPORTED TO BE PRINCIPAL CULPRITS.

7. FINALLY, ECHOS REPORTS THAT JULY IMPORTS INTO US HAVE AROUSED COMPLAINTS FROM US PRODUCERS. CITING AISI, ECHOS SAYS IMPORTS INCREASED BY 30 PERCENT IN JULY. UNCLASSIFIED

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IMPORTS SAID BY AISI TO BE AT OR SUPERIOR TO TRIGGER PRICES. ACCORDING TO ECHOS VERSION OF AISI REPORT, INCREASE IS DUE MAINLY TO STRONGER MARKET DEMAND, FROM WHICH US FIRMS PROFITED AS WELL. HIGHER US IMPORTS IN JULY ARE ALSO SAID TO BE DUE "IN GOOD PART" TO MASSIVE EXPORTS IN JUNE BY FOREIGN SUPPLIERS HOPING TO BEAT THIRD QUARTER INCREASE IN TRIGGER PRICES. (CF. REFC)

8. EXPORT PRICES FOR MAJOR CATEGORIES OF STEEL ARE LISTED BELOW (BELGIAN FRANCS PER TON, FOB ANTWERP)

30 AUGUST 6 SEPTEMBER

CONCRETE REINFORCING BAR 7900 PLUS 7900 AND PLUS

MERCHANT STEEL PLUS/- 8300 PLUS/- 8300

NORMAL SECTIONS PLUS/- 9100 PLUS/- 9100

WIDE FLANGED BEAMS PLUS/- 9200 PLUS/- 9200

WIRE RODS 8700-8800 8700-8800

4-HIGH MILLED PLATES PLUS/- 9250 PLUS/-9250

WIDE STRIP PLATES 9400-9600 9400-9600

HOT ROLLED COILS PLUS/- 9000 PLUS/- 9000

LIGHT GAUGE COLD

ROLLED SHEETS 10400-10600 PLUS/-10600

NARROW STRIPS PLUS/-9300 PLUS/-9300
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GALVANIZED SHEETS PLUS/- 12000 PLUS/- 12000
OLSEN

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